



## Douglas County Internal Audit

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March 12, 2019

Douglas County Board of Commissioners  
1819 Farnam Street, Suite LC2  
Omaha, NE 68183

Attention: Mary Ann Borgeson, Mike Boyle, Jim Cavanaugh, Clare Duda, Marc Kraft,  
PJ Morgan, and Chris Rodgers

John Ewing, Treasurer  
1819 Farnam Street  
Omaha, NE 68183

Dear Commissioners and Mr. Ewing:

I have completed a performance audit of the cash disbursement policies and procedures of the Douglas County Treasurer's Office. The purpose of the audit was to assess the adequacy and effectiveness of controls in place over cash disbursements in the Treasurer's Office. The audit revealed that the Treasurer had controls in place that operated to meet the objectives identified below. There are opportunities to improve efficiency and effectiveness of controls related to balancing activities which were provided to and discussed with the County Treasurer and his staff.

### **Background**

The Douglas County's Treasurer's Office recorded nearly \$1.4 billion of disbursements in the Oracle financial system for calendar year 2018. The majority of this money is disbursed to or on behalf of other local political subdivisions and agencies. The process for accounting for these disbursements is complex due to the numerous funds and accounts thorough which the money flows. The complexity of the process was increased when the Oracle cash management module was implemented in December of 2017.

### **Objective**

Specific objectives of the audit included assessing and testing controls in place to determine if:

- Disbursements are made for only legitimate liabilities and are properly authorized.
- Disbursements are accurately recorded in the Oracle financial system.
- Duties related to cash disbursements are adequately segregated.

- Best practices are used to help ensure that electronic transactions between customers, vendors and financial institutions are secure.
- Disbursements are properly reconciled to the Oracle cash management system.

## **Scope**

The scope of the audit included an assessment of the policies, procedures, and controls in place as well as testing of the controls over the period from the date the Oracle Cash Management module was implemented, 12/1/2017, through 12/31/2018.

## **Methodology**

The information used by Internal Audit for the control assessment and transactional testing was obtained through analysis of written policies and procedures, interviews of staff, physical observations, and analysis of data and reports obtained from staff and independently generated from Oracle reporting modules. Along with an assessment of the policies and procedures as understood, tests were performed to verify the accuracy and legitimacy of system-produced data and adherence to written policies. The tests included but were not limited to the following steps below:

- Verification that disbursements were made for only legitimate liabilities and were properly authorized.
- The recordings of the disbursements, including the initial entries in liability accounts, were booked correctly in the Oracle financial system.
- Daily and monthly balancing was occurring as required by policy.
- Best practices were being used where possible to disburse cash.
- Examination of employee duties to see that they were properly segregated.

## **Findings**

There were not reportable, significant findings.

## **Audit Standards**

Internal Audit conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objectives.

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Internal Audit appreciates the excellent cooperation provided by the Treasurer Office's management and staff. If you have any questions or wish to discuss the information presented in this report, please feel free to contact me at (402) 444-4327.

Sincerely,

Mike Dwornicki  
Internal Audit Director

cc: Mark Rhine  
Jude Lui  
Lenny Swanger  
Inna Goldman  
Tim Cavanaugh  
Patricia Carter  
Amy Wyman  
Dan Esch  
Sheri Larsen  
Jodi Campbell  
Patrick Bloomingdale  
Diane Carlson  
Joe Lorenz  
Amy Shreck  
Colby Jensen